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B.C. lumber companies step up concession plea

Want workers to help revive sector hit by overcapacity, increasing costs

BY PETER KENNEDY, VANCOUVER

Major lumber producers on the coast of British Columbia are stepping up the pressure on 12,000 unionized forestry workers to accept concessions they say are needed to revive a sector wracked by overcapacity and spiralling costs.

After rejecting the union's latest contract proposal, executives from **Weyerhaeuser Co.**, **TimberWest Forest Corp.** and **International Forest Products Ltd.** (Interfor) have embarked on a tour of the province to press their case for cost reductions and more flexible work practices.

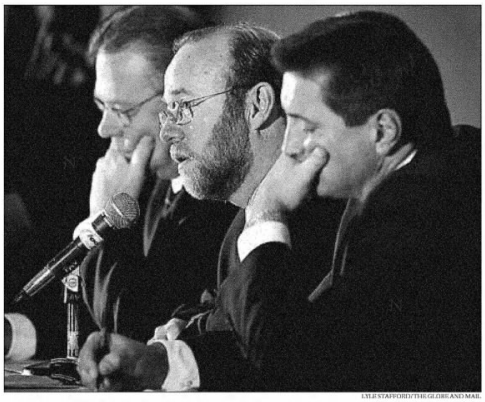
"We don't see any sense in adding costs to what is already the world's highest cost structure," Interfor chief executive officer Duncan Davies said after a speech to the Vancouver Board of Trade.

"We very much want to get back the Industrial Wood and Allied Workers (IWA) union to sit down and address the issues that this industry has," said Mr. Davies, who delivered a similar message to a business audience in Victoria on Tuesday.

In addition to high costs, those issues include overcapacity, a loss of market share in key markets such as Japan and increasing competition from substitute products.

Mr. Davies issued his plea after the union scored a significant victory over employers last week.

It was able to persuade the B.C. Labour Board to allow it to put its latest offer directly to individual sawmill and logging operations. The decision means the IWA is able to bypass Forest Industrial Relations Ltd. (FIR), the main bargaining agent for the lumber companies.



LYLE STAFFORD/THE GLOBE AND MAIL

Duncan Davies of Interfor (left), Paul McElligott of TimberWest (middle) and Craig Neeser of Weyerhaeuser seek more cost cuts and more flexible work practices.

'We don't see any sense in adding costs to what is already the world's highest cost structure.'

The board decided to allow votes to take place over the next two weeks at 100 operations controlled by 61 companies.

Yesterday, Mr. Davies reiterated the industry's view that the contract would add $140-million to costs, which are already among the highest in North America.

However, in a letter to the operations, IWA president Dave Haggard said overall labour costs under the six-year term of the agreement would rise by less than 5 five per cent, or less than 2 per cent after adjusting for inflation.

"This is not a costly agreement for the industry, and that's before you factor in the potential cost savings contained in our offer," Mr. Haggard said.

The two sides appear to be far apart on a number of key issues, including the industry's push for more flexible work practices and efforts by Weyerhaeuser to sell tree falling operations to independent contractors.

However, Mr. Davies warned that more jobs are likely to be lost in the near future regardless of whether a deal can be reached with the union.

"We all know that there is too much [sawmilling] capacity on the coast in comparison to the available [wood] fibre," he said.

"The reality is that, over the past year, the industry has been working at 50 to 60 per cent of its capacity," he said.

As a result, he said, the industry is heading into the winter months with some very low log inventories and faces the likelihood of some "pretty significant" production curtailments over the next six months.

QSC loses first round in bid to fire employee

Request to not reinstate investigator who took gift from businessman turned down

BY BERTRAND MAROTTE, MONTREAL

The Quebec Securities Commission has lost the first round in its attempt to fire one of its investigators who admitted to accepting a $1,000 gift from Montreal businessman Herbert Black.

The QSC sacked Paul Trudeau on Aug. 27, 2002, after he admitted to accepting the monetary gift from Mr. Black in December, 2000, according to filings in Quebec Superior Court.

However, Mr. Trudeau and the civil servants' union that represents him succeeded this past summer in having a labour-relations tribunal reinstate him to his job on the grounds he was deeply depressed at the time and experiencing financial difficulties, according to court filings.

The QSC is seeking to have the decision overturned.

However, on Monday it lost its request that Mr. Trudeau not be reinstated temporarily until a final court ruling on the substance of the issue is handed down.

In December, 2000, Mr. Trudeau was a key QSC investigator looking into allegations of illegal trading in shares of Montreal high-tech company **Jitec Inc.** and Mr. Black was a Jitec investor who complained to the QSC about the trading activities.

The labour relations arbitrator, Nicolas Cliche, agreed that Mr. Trudeau committed a "reprehensible act" and an "important error" in accepting the $1,000 gift from Mr. Black.

But Mr. Cliche also said there were mitigating circumstances, such as the fact that Mr. Trudeau's depressive state altered his judgment, according to the filings.

An expert witness at the labour relations hearing wrote that Mr. Trudeau and Mr. Black — a multimillionaire global copper trader and high-profile art collector — became friends during the lengthy probe into Jitec stock transactions.

Mr. Black, president of Montreal scrap metal recovery firm American Iron & Metal Co. Inc., first sounded the alarm about Jitec three years ago.

Trading in Jitec shares was halted and the QSC launched an investigation into the stock transactions of certain Jitec principals.

These included president and chief executive officer Benoit Laliberté.

There were mitigating circumstances, such as the fact that Mr. Trudeau's depressive state altered his judgment, according to the filings.

Mr. Laliberté ended up stepping down from his post at Jitec — once a high-flying stock — and the QSC banned him indefinitely from trading in Jitec shares. The ban was subsequently lifted.

Mr. Laliberté and companies related to him severed all ties with Jitec three years ago and the company was reborn as **Avantage Link Inc.**

But a Quebec judge last year gave the green light to a class-action suit — the first of its kind in the province — claiming $42.4-million in damages from Mr. Laliberté and three securities firms: CIBC World Markets Inc., Canaccord Capital Corp. and Leduc & Associates Securities (Canada) Ltd.

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